UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WISCONSIN

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v. Case No. 15-CV-0045

ESTATE OF LOREN W. HOLZHUETER,
and ISC, Inc., (d/b/a Insurance Service Center)

Defendants, and

HONEFI, LLC, ARLENE HOLZHUETER,
and AARON HOLZHUETER,

Relief Defendants.

MOTION FOR PHASE 1 DISTRIBUTION PAYMENT TO KRAVIT, HOVEL & KRAWCZYK, S.C.

The plan for distribution of proceeds in Phase 1 is underway. (Dkt. 222.) The Court has ordered a total of $9,581,766.81 distributed to the Receiver from the Court's registry. (Dkt. 231.) The Receiver's trust account presently has $9,581,766.87 in it. (Dkt. 237, p. 5.)

Under the Phase 1 distribution plan, members of the SEC's preferred creditor class have received notice of the Receiver's initial determination of amounts owed and the objection period is open. (Dkt. 204.) Kravit, Hovel & Krawczyk, s.c. ("KHK") is also allowed to participate in the Phase 1 distribution. (Dkt. 192, p. 6-7.) During the Phase 1 distribution, "[c]ommensurate with the investor class's projected phase I recovery, KHK will recover only a *pro rata* share of its unpaid fees and expenses." (Dkt. 192, p. 6.)

The order allowing KHK to recover pro rata from the Phase 1 distribution was entered October 20, 2016. (Dkt. 192.) In the intervening months, the SEC, Receiver, and KHK entered into a stipulation whereby KHK received $188,000 in exchange for agreeing to a "Net Fee Balance" of $430,209.79 through October 20, 2016. (Dkt. 221, ¶ 3.) KHK reserved its right to seek payment from the Phase 1 distribution as part of the stipulation. (Id., ¶ 4.) Pursuant to the Court's order granting the stipulation, "KHK has the right to seek from the Phase 1 distribution … the Net Fee Balance, less the $188,000.00 to be paid to the KHK Firm, pursuant to the Order that the Court will ultimately enter with respect to the Phase 1 Distribution." (Dkt. 223, ¶ 8.)

KHK presently has an outstanding balance due for services rendered through October 20, 2016 of $242,209.79.[1] The Receiver is expected to shortly request permission to begin payout of the Phase 1 distribution. KHK is entitled to participate in Phase 1 distribution *pro rata* at the same rate as the individual lender-investor[2] creditor class. (Dkt. 223.)

KHK requests that this Court order the Receiver to include its remaining $242,209.79 outstanding balance for services rendered through October 20, 2016 be paid *pro rata* consistent with the other participants in Phase 1 with the remaining balance (if any) being addressed in the Phase 2 Distribution, if and when that occurs. The proposed Order submitted, if granted, would allow KHK to be paid the *pro rata* amount of its agreed outstanding balance for services through October 20, 2016.

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[1] Net Fee Balance of $430,209.79 minus $188,000 paid pursuant to the Court's Order. (Dkt. 223.)

[2] Defendants and Relief Defendants entered into no admit, no deny resolutions and do not concede these individuals are investors.

Respectfully submitted,

KRAVIT, HOVEL & KRAWCZYK S.C.

s/ Stephen E. Kravit

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